

UNITED STATES AIR FORCE (USAF)

USAF embraces ARM to Support Acquisition Portfolio Risk Management Program

It is fair to say that “nothing comes close” to the United States Air Force (USAF) in terms of other nations’ air forces. With 7,500 manned aircraft, 2,000 air-launched cruise missiles and 800,000 military and civilian personnel, it is the largest air force in the world.

OVERVIEW

When the United States Air Force (USAF) awarded its first contract to Active Risk, valued at over US\$ 1 million, in the latter half of 2008, the Air Force’s Materiel Command (AFMC) wanted to institutionalize rigorous risk management to enable on time, on budget and to high technical performance the delivery of acquisition programs and projects that equip the Air Force to protect the national interests of the USA. To ensure correct funding and resource investment decisions are made, AFMC needs to know the risk profile of each program. It can then decide whether additional funding is required to mitigate risk in one program while in another funds could be released as successful risk mitigation strategies have been deployed. To assist in achieving the goal of correct resource allocation, AFMC selected Active Risk Manager (ARM) from Active Risk.

WHY ACTIVE RISK MANAGER?

ARM was installed to monitor the progress of current and future programs and help with the rationalization and allocation of resources across the USAF portfolio of programs. There are typically around 500 projects and programs at any one time with many thousands of potential ARM users.

The deployment of Active Risk’s enterprise risk management (ERM) software also supported the November 4th 2008 Guidance Memorandum: Life Cycle Risk Management, issued by the Assistant Secretary of

the Air Force (Acquisition). This guidance, which is mandatory under AFI-63-101, Operations of Capabilities Based Acquisition System, stipulated that robust, rigorous, and standardized risk management must be done by all ACAT, pre-milestone/key decision point B, and Services Category I and II programs across the system life cycle. All risks and associated handling plans had to be tracked in a risk management database that could operate across both lifecycle phases as well as other organizations and prime locations.

Mr Blaise Durante, Deputy Assistant Secretary for Acquisition Integration for the United States Air Force sponsored the evaluation and subsequent purchase of Active Risk Manager.

Working with Active Risk and deploying Active Risk Manager has contributed significantly to the success of the United States Air Force risk management program:

“By standardizing our ERM processes and software, we have been able to optimize and streamline our resources significantly. ARM is the de-facto gold standard software solution in the aerospace and defence sector and is used extensively by USAF’s supplier base including Lockheed Martin, Northrop Grumman, Raytheon and EADS. In Active Risk, we have a trusted partner. We are confident that they will continue to deliver enhanced integration of systems and co-ordination of risk management best practice. As a result, we expect to achieve considerable cost savings across our risk and program management operations.”

– Quote from a senior representative of the USAF Acquisition Leadership

THE SKY'S THE LIMIT FOR AMBITIOUS RISK MANAGEMENT STRATEGY

When USAF installed ARM it set ambitious goals for its Acquisition Portfolio Risk Management program with a clear focus on improving the speed of communication of key risks so as to reduce the probability/frequency and scale of impact of those risks.

Other aims included:

- Encouraging a more in-depth risk management process and communication of risk at all levels to allow for the delivery of consistent processes to reduce costs
- Ensuring that senior management had transparency of the real risks and opportunities across programs so that they could assign/move funding and resource to the right programs based on real up-to-date and relevant information
- Capturing risk knowledge not just for today's missions but also for the next generation.

USAF AIMS HIGH WITH NEXT PHASE OF ITS ENTERPRISE RISK MANAGEMENT PROGRAM

In October 2010, two years after deploying Active Risk's advanced software and services, the United States Air Force continued to roll out its enterprise risk management program with the purchase of additional ARM licences. This purchase signalled another step forward in deploying ARM as the de-facto risk management solution to support USAF's Acquisition Portfolio Risk Management program to introduce rigorous and robust standardized risk management processes across the organization and to enable 'Acquisition Excellence'.

The new licences will support additional users and drive forward the next phase of the organization's enterprise risk management system.

Furthermore, USAF programs have been encouraged by its leadership across the acquisition community to bolster their risk management activities. ARM supports this through tight integration with USAF's existing management tools and reporting suites. For example, ARM is the only risk solution available that is capable of supporting Microsoft SharePoint® straight out-of-the-box without the need for complicated, lengthy and expensive consultancy.

Karl Pringle, VP Strategic Accounts at Active Risk said, "Our continued collaboration with the US Air Force will add momentum to an already successful strategic risk program and help realize the USAF vision of risk-based investment decision making."

In recent months, the USAF ARM Project Office has extensively trained staff members, both military and contractors, at the majority of bases around the country in the use of ARM and its Life Cycle Risk Management approach. This includes the education program at the Air Force Institute of Technology which trains new users of ARM and ensures program managers are rigorous in their approach to risk management. This approach to self-sufficiency means that new users can have a demonstrable, robust risk management solution in a matter of days. As a result, leadership has faster access to real-time, authoritative risk information across a growing portfolio of programs from a single web-based system, Active Risk Manager, which will enable risk based decision making for improved performance throughout program life cycles.

ABOUT ACTIVE RISK & ACTIVE RISK MANAGER

Active Risk addresses enterprise-wide risk management (ERM) requirements with advanced software and services that can be implemented across organizations in all industry sectors.

Active Risk Manager (ARM), is recognized as having the most extensive range of ERM capabilities available today. ARM enables the identification, communication, analysis and mitigation of risks and opportunities available in both quantitative and qualitative formats. It covers project and portfolio risk, supply chain risk management, business continuity, controls management, reputational risk, health and safety, incident management, governance, compliance risks and more.

Active Risk, formerly Strategic Thought Group, was founded in 1987 and is headquartered in the UK with its US operation, Active Risk Inc, based in Washington DC.